

**CalHome Program**  
Department of Housing and Community Development  
**Notice of Funding Availability (NOFA)**

**General Funding**  
**Programs**

Mortgage Assistance \* Owner-Occupied Rehabilitation

April 18, 2008

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications under the CalHome Program. This Notice is for approximately **\$60 million (\$60,000,000)** which is provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to provide funding to local public agencies or nonprofit corporations for the following eligible activities within the CalHome Program:

- First-Time Homebuyer Mortgage Assistance
- Owner-Occupied Rehabilitation

For purposes of this NOFA, first-time homebuyer mortgage assistance activities and owner-occupied rehabilitation activities are referred to as “programs.”

**Regulations and Definitions:**

The CalHome Program is subject to Health and Safety Code Section 50650 et seq. (“Program Statutes”) and California Code of Regulations, Title 25, Section 7715 et seq. (“CalHome Program Regulation”).

Several of the terms used in the CalHome Program have specific meanings defined by the CalHome Program Regulations. For proper completion of the application, HCD urges potential applicants to review the CalHome Program Regulations, and the CalHome Program 2008 Application Training Manual. These documents will be available online at <http://www.hcd.ca.gov/fa/calhome>, and they may be requested by mail or by phone. All references to section numbers in this NOFA are references to the CalHome Regulations unless otherwise stated.

**Eligible Applicants:**

Any California local public agency or nonprofit corporation that is authorized to engage in or assist in the development of housing or operation of housing programs for persons and households of low- or very low- income, is eligible to apply. **Only one application from a local public agency will be accepted for each jurisdiction.** Nonprofits are allowed to operate in several jurisdictions under one application.

Applicants **shall have been operating as a housing program administrator during the two years prior to the date of application.** The applicant must also have successfully performed the **activity** for which they are applying for a **minimum of two years within the four years** immediately preceding the application due date and shall have the ability to perform the requirements of the activity or activities for which they are applying pursuant to Section 7717.

Localities shall only be eligible to apply for an award of CalHome Program funds for a local program within its jurisdictional boundaries. Nonprofit corporations can only propose programs in a county (or counties) in which they have operated a housing program within the past 4 years, or in a county (or counties) for which the nonprofit corporation has an existing 523 technical assistance services agreement with the United States Department of Agriculture.

**Please Note: In the past Applicants were only eligible to receive one CalHome Program award per year, this is being changed for the 2008 Project and Program NOFAs. Applicants may apply for both NOFAs. Recipient can only use one CalHome loan per household.**

#### **Maximum and Minimum Application Amounts:**

Applications to Fund Local Programs: This is a multiple activity application. The aggregate amount of all activities applied for may not exceed the maximum application amount.

The **maximum aggregate application amount** for all activities (programs) shall not exceed nine hundred thousand dollars (\$900,000). An exception will be made for a city or county expected to have a higher demand for assistance as evidenced by a population in excess of 400,000 (within the city or the unincorporated portion of the applicant county), in which case the maximum aggregate amount for all activities shall not exceed one million five hundred thousand dollars (\$1,500,000). The application lists eligible cities and the counties with unincorporated portions with populations exceeding 400,000. A county may operate its programs in the small cities within the county only with the documented approval of the cities. In this case, the sum of the populations of these small cities and the unincorporated portion of the county will be used to determine eligibility for an award in excess of \$900,000.

The **minimum application amount** for any one activity shall not be less than one hundred and twenty thousand dollars (\$120,000).

#### **Multiple Activity Applications:**

Applicants may request funding for a mortgage assistance program and/or owner-occupied rehabilitation program by using Attachment I and/or Attachment II which are attached to the application. In no event shall the aggregate amount requested for both programs exceed the maximum application amount.

## **CalHome Activity Delivery Fee:**

The CalHome Program Regulations include a CalHome activity delivery fee as an eligible cost for mortgage assistance and owner-occupied rehabilitation programs. This fee is to be provided in the form of a grant to the recipient and is included in the award amount.

The source of funds for this NOFA comes from the sale of general obligation bonds. General obligation bond law requires funds to be expended for “the costs of construction or acquisition of a capital asset.” Historically, no funds for the local administration of bond funded programs have been allowed. General obligation bond proceeds used in the CalHome Program may not be used for a recipient’s general administrative or operating costs, but they may be used for:

- a. Self-help technical assistance costs to the extent the costs can be differentiated from the recipient’s general administrative costs.
- b. The direct expense of homebuyer education provided to individuals who also receive home purchase funds.
- c. Loan processing activity delivery fees, pursuant to regulation Sections 7729(d) for homebuyer mortgage assistance loans, as reimbursement to the recipient for its activities directly associated with the making of the loan to the borrower. Fees are reimbursable only to the extent of actual costs incurred in making the individual loan not exceeding the amount normally and customarily charged in relation to similar loans by other lenders, and fees may only be paid for CalHome loans that have closed and been funded.
- d. Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the recipient for the actual costs of services rendered to the homeowner that are incidentally but directly related to the rehabilitation work (e.g., planning, engineering, construction management, including inspections and work write-ups). However, the fees may only be reimbursed for work actually completed and funded with a CalHome loan.

Note: The Department reserves the right, as part of its legal obligation to enforce these restrictions as to limit the amount that may be charged after doing a survey of customary charges.

## **Eligible Uses of Funds:**

Local agencies or nonprofit corporations may make:

- (1) Loans to first-time homebuyers for mortgage assistance for permanent financing of a unit ready for occupancy or a unit acquired by a loan such as a HUD FHA 203(k) acquisition/rehabilitation loan. This includes self-help housing mortgage assistance, except that CalHome permanent financing may be disbursed at time of lot purchase where the self-help

housing is being financed under the U.S. Department of Agriculture, Rural Housing Services 502 program;

- (2) Loans to owner-occupants for rehabilitation of their primary residence.

Note: All assistance to homeowners shall be in the form of deferred loans repayable to a recipient's separately maintained reuse account.

### **Ineligible Uses of Funds:**

- (1) Administrative costs other than those allowed in Section 7729 and 7733 per assisted household.
- (2) Refinancing of existing loans or debt.
- (3) Substitution of CalHome fund commitments for other funding commitments. This restriction applies to the local public agency's or nonprofit corporation's overall homeowner activities, as well as, on a loan-by-loan basis.

### **Eligibility for Homebuyer/Homeowners:**

CalHome Program borrowers must be low- or very low-income households whose incomes shall not exceed 80% of the county median income as defined in Section 7716. The current limits are listed on the HCD website at:

[www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html](http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html)

Homebuyers must be first-time homebuyers as defined in the CalHome Program Regulations, Section 7716 (m). Homeowners must be owner-occupants of units that need rehabilitation. All assisted households shall occupy units purchased or rehabilitated with a CalHome Program loan as their principal place of residence.

### **Maximum and Minimum Homeowners Loan Amounts Requirements:**

To encourage leveraging of other funds and to serve the highest possible number of eligible households no more than **\$60,000** of CalHome Program funds may be used per unit (the \$60,000 includes any activity delivery costs). This limit applies to each loan and is not an average.

The maximum loan, made from grant funds, to individual homebuyers/homeowners shall not exceed the required amount of subsidy needed to make the unit affordable to the homebuyer or in the case of rehabilitation, the amount required to fund costs associated with eligible improvements and non-recurring closing costs.

### **Underwriting Criteria:**

Loans to first-time homebuyers shall meet the underwriting criteria established in Section 7731.

Rehabilitation loans to eligible owner-occupants shall meet the underwriting criteria established in Section 7735.

### **Sales Price:**

“Maximum Sales Price” is the maximum allowable sales price or the maximum after rehabilitation value of a home assisted with a CalHome Program loan. This shall be set at 100% of the current median sales price of a single family home in the county in which the CalHome Program or project is located is located (Section 7716 (aa)).

### **Timeframes for Use of CalHome Funds:**

#### First-Time Homebuyer Mortgage Assistance and Owner-Occupied Rehabilitation Programs:

Successful applicants shall enter into a Standard Agreement with HCD. The term of the Standard Agreement shall be for 36 months from the date of the award letter. Recipients shall be required to meet the performance goals pursuant to Section 7755(a). Failure to meet the performance goals may result in funds being disencumbered and/or a penalty point reduction on future applications.

### **Geographic Distribution Targets:**

CalHome’s enabling statute requires the program to “ensure a reasonable geographic distribution” of funds. To prevent an extreme imbalance of funding (provided there are sufficient applications in each area that pass funding threshold):

- 45% of the funds shall be allocated for programs in Southern California
- 30% of the funds shall be allocated for programs in Northern California
- 10% of the funds shall be allocated for programs in rural areas

If there are insufficient eligible applications in the southern, northern, or rural areas, and the entire amount of any distribution target percentage is not used, the balance of that distribution target percentage and the remaining funds not assigned will be used to fund eligible applications in any area of the State based on highest ranking order.

For the purposes of these geographic distribution targets, Southern California includes the counties of San Luis Obispo, Kern, San Bernardino, and all counties to the South. Northern California includes all other counties of the State. “Rural” is defined in Section 50101 of the Health and Safety Code.

### **Important Legal Matters:**

HCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

### **Application Procedures:**

The CalHome Program application will not be considered for funding unless the applicant demonstrates the following minimum requirements.

- (1) the applicant is eligible;
- (2) the activities are eligible;
- (3) the proposed use of funds is eligible;
- (4) the application was received on time;
- (5) the application is complete and signed by the party authorized in the Resolution, and;
- (6) the application has not been altered or modified except to accommodate computer software.

#### **Evaluation Criteria:**

Applicants may apply to fund one or two **programs** (mortgage assistance and/or owner-occupied rehabilitation) in a single application by completing the appropriate Attachments (I and/or II).

All applications will be reviewed to determine if they meet eligibility requirements, and then scored to determine if they meet threshold requirements of 550 points. Each application meeting the 550 point threshold is eligible for funding subject to availability of funds. (See NOFA section, **Evaluation Criteria** for details.)

An applicant applying to fund two programs will have two separate scores, one each from Attachment I and Attachment II. The scores will be averaged into one score.

#### **Funding Allocation:**

All applications will be reviewed to determine if they meet threshold (550 points). The applications that meet threshold will then be divided into three groups representing the following activities: Mortgage Assistance; Owner Occupied Rehabilitation; and Mortgage Assistance and Owner Occupied Rehabilitation. The allocation of available funds to each of the three eligible activities (represented in Attachments I and II) will be based on demand.

After each application is rated and ranked, it will be scored for the additional New Policy Objectives (mortgage assistance applications only) and additional earned points will be added to the score.

Applicants that have previously received a CalHome Program award in the 2004 NOFA round (contracts 04-CALHOME-XXX) will be reviewed for performance per Section 7751(c) of the CalHome Program Regulations:

**Performance Penalty (50 points);**  
**A deduction to the total score will be applied for failure to meet this**  
**CalHome Program Performance Goals from Section 7755:**

**If less than ninety-five (95) percent of the funds are expended at the end of the 36<sup>th</sup> month, the Recipient's next application for funding under the CalHome Program shall receive a penalty deduction in the total points awarded pursuant to the current NOFA.**

After all qualifying applications are scored they will be placed in three lists, one for mortgage assistance, one for owner-occupied rehabilitation programs and one for mortgage assistance and owner-occupied rehabilitation applications. They will be placed in score rank order (highest to lowest). Pursuant to the funding breakdown based on demand, awards will be made to applications beginning with the highest score and down the list until the full extent of funds available is reached. This list will then be reviewed for the geographical distribution of awards, and may be adjusted to meet the targets stated in the NOFA.

Applicants must first pass threshold and receive a minimum of 550 points to be eligible to be rated and ranked based on criteria established in the CalHome Program Regulations. The maximum number of points an application may receive under this NOFA is 950.

In the case of a tie score, the application for an area demonstrating the highest poverty level will be funded first in compliance with the geographic distribution target requirements detailed above. Funding decisions will be made by the Deputy Director of HCD's Division of Financial Assistance. The decision of the Deputy Director is final.

All mortgage assistance applications will be scored in the four categories listed above. If the application is for both mortgage assistance and owner-occupied rehabilitation (**Attachments I and II**), the Attachments will be scored separately and then averaged to attain a composite score.

Mortgage assistance applications will also have the opportunity to gain bonus points for pursuing 100 points in the policy goals included in this NOFA:

- Target energy efficient homeownership,
- Target universal design standard homeownership units.

**Please Note:**

**In order to maintain fairness in scoring, applicants that request bonus points and are also applying for both mortgage assistance and owner-occupied rehabilitation must commit to the following breakdown in the use of their award.**

**For the recipient awarded bonus points in mortgage assistance and also funding an owner-occupied rehabilitation program with this award, at least 50% of the loans made from this award must be for mortgage assistance.**

<p><b><u>Criteria:</u></b> (The criteria listed below represents a summary. Please refer to Section 7751 in the CalHome Program Regulations for more specific information.)</p>	<p><b><u>Maximum Points</u></b></p>
<p><b><u>Capability:</u></b> to operate the program or develop the project by demonstrating prior experience with administration of the program activity proposed or in developing the type of homeownership development project as proposed and prior experience with loan servicing or a plan to provide loan servicing/management capabilities.</p>	<p><b>400</b></p>
<p><b><u>Community need:</u></b> in a geographic area of the proposed local program or project will be based on the following factors:</p> <ul style="list-style-type: none"> <li>• For an owner-occupied rehabilitation application, percentage of the population living at or below the federal poverty level, and the number and percentage of households who are overcrowded and living in substandard housing as reflected in U.S. Census data;</li> <li>• For a mortgage assistance application: the factors used will be the percentage of low-income households overpaying for their housing.</li> </ul>	<p><b>150</b></p>
<p><b><u>Feasibility:</u></b> of the proposed program activity is demonstrated by the extent to which the proposed program is responding to a community need and demonstrates a likelihood of success. For applicants proposing a homeownership development project, readiness of the project, and ability of the project to serve low- and very low-income households will be measured. Feasibility for program applications will be determined by statistical indicators in the following areas:</p> <ul style="list-style-type: none"> <li>• For an owner-occupied rehabilitation application, percentage of pre-1980 homes in the jurisdiction, and the percentage of overcrowded households;</li> <li>• For a mortgage assistance program, the ratio between the CalHome appraised value limits (Section 7751 (b)(3)(A)(i)) and median household income in the jurisdiction, and the percentage of low-income homeowners.</li> </ul>	<p><b>200</b></p>



Contributes to <b><u>community revitalization</u></b> by operating a program/project located in a federally defined Qualified Census Tract or in a designated redevelopment area under the jurisdiction of the local Redevelopment Agency.	<b>50</b>
Extent to which <b><u>contributed labor</u></b> is utilized for a mortgage assistance local program for new construction housing. A minimum of <b>500</b> hours of onsite contributed construction labor per assisted unit must be provided. Points will be awarded comparatively, based on the number of contributed construction labor hours guaranteed, with additional weight given to the amount of contributed labor being provided by the homebuyer.	<b>50</b>
<b><u>Maximum Baseline Points</u></b>	<b><u>850</u></b>

<b>New Policy Objectives – <u>Mortgage Assistance Programs Only</u> Criteria</b>	<b>Bonus Points Value</b>
<b>Targeting energy efficient/Green Building features:</b> Bonus points will be given in the scoring of this application for applicants that use their mortgage assistance loans exclusively for transactions where the units purchased are energy efficient. Energy efficiency shall be determined solely by the Department. The Department is encouraging the use of Green Building features. Applicants will self certify their activity on Form 3A and confirm that items 2, 3, 4, 5, 6, 7, 10, 11, 12, &13 are included in the units to be constructed, and that at least two of the remaining items 1, 8, & 9 will also be included in the units to be constructed. <b>(Attach as Bonus Exhibit A)</b>	<b>50</b>
<b>Targeting homeownership units that meet the universal design standards:</b> Bonus points will be given in the scoring of this application for applicants that use their mortgage assistance loans exclusively for home purchase transactions where the units purchased are developed by meeting the following universal design standards <ul style="list-style-type: none"> <li>• Provide at least one no-step entrance with beveled threshold. This may be at the front, side or back of units.</li> <li>• Make doorways throughout the unit at least 32 inches wide and hallways at least 36 inches clear width.</li> <li>• Reinforce wall around the toilet, bathtub and shower stall in order that grab bars may be added at a later time, if needed.</li> </ul>	<b>50</b>

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| <ul style="list-style-type: none"> <li>• Install light switches and electrical controls no higher than 48 inches and electrical plugs no lower than 15 inches above the floor.</li> <li>• Install lever handles on all doors and plumbing fixtures.<br/>(Attach as Bonus Exhibit B)</li> </ul> |  |
|--|--|

### **Application Submission:**

Application must be made on the forms provided by HCD. Applicants may submit only **one** application in response to this NOFA. Application forms must not be modified. **HCD must receive one original complete application no later than 5:00 p.m. on Wednesday June 25, 2008.** No facsimiles, incomplete applications, or application revisions will be accepted prior to or after the application deadline. Applications must meet all eligibility requirements upon submission. Applications having material internal inconsistencies will not be rated and ranked.

CalHome Program staff will be holding four Application Workshops in locations throughout California to assist potential applicants in submitting complete applications. All interested parties are urged to attend the most convenient workshop. All workshops are from 10:00 – 12:30 a.m. Application Workshops will be held at the following locations and dates:

- Los Angeles – 5/7/2008
- Sacramento – 5/22/2008
- Visalia – 5/14/2008
- Oakland – 5/20/2008

A workshop registration form is attached to this NOFA. Please RSVP using this form.

Applications will be available at the application workshops. Applications will also be available at HCD's website no later than April 22, 2008, or you may contact program staff at (916) 327-3646. Applications must be delivered to one of the following addresses:

#### U.S. Mail

Department of Housing and  
Community Development  
CalHome Program  
Division of Financial Assistance  
P.O. Box 952054  
Sacramento, CA 94252-2054

#### Private Courier

Department of Housing and  
Community Development  
CalHome Program  
Division of Financial Assistance  
1800 Third Street, Room 390-2  
Sacramento, CA 95811

It is the applicant's responsibility to ensure that the application is clear, complete and accurate. After the application deadline, CalHome staff may request clarifying information provided that such information does not affect the competitive rating of the application. No information will be solicited or accepted if this information would result

in a competitive advantage to the applicant. No applicant may appeal HCD staff's evaluation of another applicant's application.

**Information and Assistance:**

Staff is available to answer questions regarding the program or the preparation and submittal of the application. Please call the CalHome Program staff at (916) 327-3646.

## Energy Efficient/Green Building Self-Certification Check List Form 3A

The Department is encouraging the use of Energy Efficient/Green Building features. A new bonus category has been added to this NOFA to reward developers that use energy efficient products that will enhance new units. Therefore, this new bonus opportunity has been developed and included in this NOFA. Applicants must self certify that items 2, 3, 4, 5, 6, 7, 10, 11, 12, & 13 are included in the units to be constructed, **and** that at least two of the remaining items (1,8 & 9) will also be included in the units to be constructed.

Additionally, appliances that are customarily provided with the units, such as hot water heaters and dishwashers, or heating/cooling systems, should all meet the ENERGY STAR® standards.

	Current Requirement	Applicant Certification Check Off Column
<b>Site</b>		
1. Use plant and tree species that require low water use in sufficient quantities and install irrigation system using only low-flow drip, bubblers, or low-flow sprinklers.	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
<b>Materials and Resources</b>		
2. Use engineered lumber a. Beams and Headers b. Wood I-Joists or web trusses for floors and ceilings	Essential for Bonus Consideration	
3. Use Oriented Strand Board (OSB) a. Floor, Wall and Roof sheathing.	Essential for Bonus Consideration	
4. Provide effective air sealing. a. Seal sole plates. b. Seal exterior penetrations at plumbing, electrical and other penetrations. c. Seal top plate penetrations at plumbing, electrical, cable and other penetrations. d. Weather-strip doors and attic access openings. e. Seal penetrations in interior equipment closets and rooms. f. Seal around bathtub drain penetrations in raised floors.	Essential for Bonus Consideration	
5. Install and flash windows in compliance with window installation protocols.	Essential for Bonus Consideration	
6. Exterior Doors a. Insulated or solid core. b. Flush, paint or stain grade shall be metal clad or have hardwood faces. c. Factory primed on six sides with a one year warranty.	Essential for Bonus Consideration	
7. Select durable non-combustible roofing materials which carry a three-year contractor installation guarantee.	Essential for Bonus Consideration	

Energy Efficiency		
8. Install ENERGY STAR® Ceiling Fans in living areas and all bedrooms; install a whole house fan with insulated louvers; or install an economizer.	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
9. Install ENERGY STAR® appliances in each unit, including but not limited to; a. Dishwashers b. Refrigerators c. Clothes washers	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
10. Install gas storage water heater with an Energy Factor (EF) of 0.62 or greater and a capacity of at least 30 gallons for one- and two-bedroom units and 40 gallons for three-bedroom units or larger.	Essential for Bonus Consideration	
Water Efficiency		
11. Use water saving fixtures or flow restrictors. a. Kitchen and Service Areas < 2 gallons per minute (gpm). b. Bathroom Sinks < = 1.5 gallons per minute (gpm). c. Showers and Bathtubs < = 2.5 gallons per minute (gpm).	Essential for Bonus Consideration	
Indoor Environmental Quality		
12. Use Low-VOC paint and stain. a. Flat interior wall/ceiling paints & stains < 50gpl VOCs. b. Non-flat wall/ceiling paints & stains <150gpl VOCs.	Essential for Bonus Consideration	
13. Floor coverings a. Light and medium traffic areas shall have vinyl or linoleum at least 3/32" in thickness. b. Heavy traffic areas shall have vinyl or linoleum at least 1/8" in thickness. c. Carpet shall comply with U.S. Department of Housing and Urban Development/Federal Housing Administration UM 44C, or alternatively, cork, bamboo, linoleum, or hardwood floors shall be provided in all other floor areas.	Essential for Bonus Consideration	

**CALHOME**  
**2008 APPLICATION WORKSHOP REGISTRATION**  
**GENERAL NOFA**

Mortgage Assistance \* Owner-Occupied Rehabilitation

**Fax this form to (916) 322-2904. No cover page is necessary.**

**NOTE: The session will provide training on the CalHome General NOFA.**

Attention: CalHome Program, fax # 916-322-2904, voice # 916-327-3646  
(Please RSVP at least 5 days before the workshop date)

Organization:\_\_\_\_\_

Attendee's Name:\_\_\_\_\_ Phone:\_\_\_\_\_

E-mail:\_\_\_\_\_

Please indicate which of the following workshop locations and training sessions you would like to attend:

**Los Angeles - 5/7/08**

10:00 a.m. – 12:30 p.m.

\_\_\_\_\_

Ronald Reagan State Building (Eason Room).

300 South Spring Street, Suite 1726, Los Angeles, CA 90013

**Sacramento - 5/22/08**

1:00 a.m. – 3:00 p.m.

\_\_\_\_\_

HCD Headquarters, 1800 3<sup>rd</sup> Street, Room 183, Sacramento, CA  
95814

**Visalia – 5/14/08**

10:00 a.m. – 12:30 p.m.

\_\_\_\_\_

Self-Help Enterprise, 8445 W. Elwin Court, Visalia, CA 93291

**Oakland – 5/20/08**

10:00 a.m. – 12:30 p.m.

\_\_\_\_\_

Elihu Harris Building, 1515 Clay Street, Room 9, Oakland, CA  
94612

Please list any other program people planning to attend:

Name:\_\_\_\_\_ Phone:\_\_\_\_\_

Email:\_\_\_\_\_

Name:\_\_\_\_\_ Phone:\_\_\_\_\_

Email:\_\_\_\_\_